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12-8-11 Tripoli 2249

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ACTION AF-13

INFO OCT-01 ARA-08 EUR-14 EA-11 NEA-09 IO-12 E-11 COM-08
INT-06 CIAE-00 DODE-00 PM-06 H-02 INR-06 L-03 NSAE-00
NSC-10 P-03 RSC-01 PRS-01 SS-14 USIA-12 SIL-01 LAB-06
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FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC PRIORITY 8296
INFO AMEMBASSY AMMAN
USINT ALGIERS
AMEMBASSY BEIRUT
AMEMBASSY BENGHAZI
AMEMBASSY BONN
AMEMBASSY CARACAS
AMEMBASSY DHAHRAN
AMEMBASSY DJAKARTA
AMEMBASSY JIDDA
USINT KHARTOUM
AMEMBASSY KUWAIT
AMEMBASSY LAGOS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY RABAT
AMEMBASSY ROME
AMEMBASSY TEHRAN
AMEMBASSY THE HAGUE
AMEMBASSY TOKYO
AMEMBASSY TUNIS
USEC/BRUSSELS 105
USCINCEUR/GER
USDOCOSOUTH/ITALY

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY cj DATE 6/18/81
RDS☐or XDS☐EXT. DATE _____
TS AUTH. _____ REASON(S) _____
ENDORSE EXISTING MARKINGS ☐
DECLASSIFIED☑ RELEASABLE☑
RELEASE DENIED☐
PA or FOI EXEMPTIONS _____

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DEPT PASS CAIRO, MANAMA

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SUBJ: LARG NATIONALIZES BP

1. RCC ISSUED DECREE EVENING DECEMBER 7 NATIONALIZING BP. FULL TEXT AVAILABLE VIA FBIS, HIGHLIGHTS FOLLOW:

A. BRITISH PETROLEUM EXPLORATION COMPANY (LIBYA) LTD. NATIONALIZED.

B. NEW COMPANY, "ARABIAN GULF EXPLORATION COMPANY" (AGEC) FORMED TO TAKE OVER BP ASSETS. AGEC CAPITAL TOTALLY OWNED BY THE "NATIONAL OIL ESTABLISHMENT" (PRESUMABLY LNOC).

C. AGEC HAS RIGHT IMPLEMENT, AMEND, OR ABOLISH ALL OPERATIONAL OR SALES AGREEMENTS IN ACCORDANCE WITH "PUBLIC INTERESTS"; SUCH DETERMINATIONS TO BE "APPLIED" TO OTHER PARTNER IN OIL CONCESSION CONTRACT NUMBER 65 (I.E. U.S. FIRM NELSON BUNKER HUNT).

D. LARG WILL PAY COMPENSATION TO BP; ASSESSMENT COMMITTEE WHICH WILL MAKE FINAL DETERMINATIONS RE VALUE, WILL REPORT FINDINGS WITHIN THREE MONTHS.

E. BOARD OF DIRECTORS ESTABLISHED FOR AGEC.

F. AGEC EMPLOYEES WILL NOT BE UNDER LARG CIVIL SERVICE REGULATIONS.

G. LIBYAN BP EMPLOYEES PROHIBITED FROM LEAVING WORK WITH AGEC; EXPATRIATE EMPLOYEES MAY REMAIN IN SAME POSITIONS AT SAME SALARIES OR MAY CHOOSE TO DEPART.

H. AGEC MAY CO-OPT LIBYAN PERSONNEL FROM OTHER COMPANIES WHICH WILL PAY SUCH PERSONNEL DURING THE PERIOD THEY ARE WITH AGEC.

I. PENALTIES OF TWO YEARS IMPRISONMENT AND/OR LD 500 FINE MAY BE IMPOSED FOR CONTRAVENTION OF NATIONALIZATION LAW.

2. IN SIMULTANEOUS DEVELOPMENT, CABINET ISSUED DECREE NAMING SIX-MAN AGEC BOARD OF DIRECTORS.

3. ANNOUNCEMENT OF DECREES ON RADIO, TV DECEMBER 7 WERE PRECEDED BY MARTIAL MUSIC AND PATRIOTIC SONGS AND FOLLOWED BY COMMENTARY IN

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WHICH LARG CASTIGATED UK SEVERELY. (INTERESTINGLY, TEXT OF COMMENTARY NOT CARRIED THUS FAR IN PRESS.) COMMENTARY SAID: UK REMAINS INDIFFERENT TO ARAB INTERESTS. IN 1948, UK "SURRENDERED STRATEGIC ARAB ISLANDS IN GULF TO IRAN. ARABS OF 1971 NOT ARABS OF 1948, NEW ARAB GENERATION WILL NOT TOLERATE SUCH MACHINATIONS. LARG, IN NATIONALIZING BP, IS GIVING LESSON TO UK, NOT TAKING REVENGE.

4. THEME OF COMMENTARY TAKEN UP BY PRESS DECEMBER 8. BOTH OFFICIAL AL-THAWRA AND INDEPENDENT AL-RA'ID UNDERSCORED SIGNIFICANCE OF DUBBING NATIONALIZED COMPANY "ARAB GULF EXPLORATION COMPANY". AL-THAWRA STATES, "TIME HAS ARRIVED TO TEACH UK NEW LESSON" AND CONCLUDED THAT "SLOGAN OF "NATIONALIZATION OF BATTLE' HAS NOW BEEN RAISED ON ALL FRONTS".

5. COMMENTS AND LOCAL REACTIONS SEPTEL.

EXEMPT.
PALMER

NOTE BY OC/T: TRIPOLI 2249 NOT PASSED CAIRO, MANAMA.



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